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FM AMEMBASSY ALGIERS
TO RUEHC/SECSTATE WASHDC PRIORITY 1111
INFO RUEHKL/AMEMBASSY KUALA LUMPUR 0048
RUEHRB/AMEMBASSY RABAT 1309
RUEHTU/AMEMBASSY TUNIS 6150
RUEHRO/AMEMBASSY ROME 0379
RUEHLO/AMEMBASSY LONDON 1265
RUEHFR/AMEMBASSY PARIS 1800
RULSDMK/DEPT OF TRANSPORTATION WASHDC
RUCPDOG/DEPT OF COMMERCE WASHDC

UNCLAS ALGIERS 000887

SIPDIS

SENSITIVE
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STATE FOR EB/TRA

E.O. 12958: N/A

TAGS: [EAIR](#) [ETRA](#) [EBEXP](#) [KTIA](#) [ECON](#) [AG](#)

SUBJECT: OPEN SKIES: ALGERIA OFFERS REDUCED WEIGHT ON
POSTAL RESTRICTIONS BY 2008, TRANSITION PERIOD UPON
SIGNATURE, WRITTEN ACCEPTANCE OF U.S. LANGUAGE ON EXCHANGE
RATES

REF: A. STATE 67681

[1](#)B. ALGERIA MAY 8 DIPLOMATIC NOTE 305
[1](#)C. ALGIERS 801

[1](#)1. (SBU) Embassy received May 13 an MFA diplomatic note (Ref B) providing Algeria's response to our Open Skies proposals of March 11 concerning exchange rates, intermodal transport, and transition period start date. The latest proposals (faxed to NEA/MAG) overtake Ref A instructions, which had not yet been delivered pending an appointment with the relevant minister, and may be Algeria's response to Ambassador's strong "push" (Ref C) with Transport Minister Maghlaoui to accelerate the pace of the negotiations, in order to allow for completion by mid-summer at the latest. The latest proposals would appear to resolve two of the three outstanding issues in the negotiation and signal potentially important movement on the third. Specifically, the GOA has: 1) agreed in writing to accept our Article 8 Para 5 language on exchange rates; 2) offered to have the five-year transition period begin upon the signing of the agreement (i.e., even before ratification, which had been our demand); and 3) indicated that in 2008 it would lower the weight definition of a postal letter from 250 grams to 50 grams (1.7 oz).

[1](#)2. (SBU) While it was implied, the note was not/not explicit in affirming that following the end of the transition period, firms would be able to handle intermodal transport without an Algerian subsidiary. However, Transport Minister Maghlaoui assured Ambassador May 16 that at the end of the transition period, firms would be able to provide intermodal services without using a national subsidiary. Regarding postal services, Maghlaoui said that the reduction of the weight definition from 250 grams to 50 grams "in 2008" paralleled undertakings Algeria had made in the context of WTO accession talks. MFA Americas Deputy Director separately confirmed to us May 16, after checking with Transport Ministry Director General Benchamam, that the definition of "postal services" (from 250 to 50 grams) would occur automatically on January 1, 2008 according to executive decree 01-418 of December 20, 2001 and modified on December 6, 2004 in executive decree 04-397. For additional information you can log on to www.joradp.dz.

13. (SBU) In order not to lose momentum, now that the Algerian side has accepted our wording or better on both exchange rates and entry into force/transition period, and shown some "give" on the postal services issue, Embassy recommends we turn around our response as quickly as possible. We also recommend consideration of sending an Open Skies team to close the deal and determine next steps, if the consensus is that we are now within striking distance and that the Jan. 1, 2008 date for the reduced definition of postal services meets our minimum needs. (End Summary and Recommendation)

14. (SBU) Begin unofficial translation:

Open Skies Agreement

Response of the Algerian Party to the U.S. Proposals of March 11, 2006

Article 8 paragraph 5 second sentence (transfer of receipt surplus):

To show goodwill and advance negotiations, the Algerian party would be willing to accept the proposal of the American side regarding this point. In return, the Algerian side would like its concerns over article 8 paragraph 8 be taken into consideration.

Article 8 paragraph 8 (intermodal transportation):

The Algerian side affirms that it cannot respond favorably to the American request to exempt American carriers from the fees required by regulations (reglementation) in force concerning intermodal transport. Such an exemption could be interpreted by other foreign carriers as preferential treatment favoring American companies.

It is worth noting that:

The carrying out of postal services is regulated by the relevant provisions of Law No. 2000-03 of August 5, 2000, which sets general rules related to post and telecommunications, and by implementing regulations, notably Decree No. 01-418 of December 20, 2001, regarding operating regulations applied to all postal services.

International express mail is subject to the authorization regulations. The authorizations are granted by the regulation authority of Post and Telecommunications (ARPT). This category of activity is open to competition based on the conditions set by the aforementioned decree. Currently, four foreign operators -- namely DHL, UPS, FALCON (FedEx) and Chronopost -- are providing these services.

The postal category pertaining to letters not weighing over 250 grams is regulated by a requirement of simple declaration. This weight (ceiling) will be reduced to 50 grams in 2008.

Article 18 and Annex IX (Entry into Force and the Transition Period):

The Algerian side suggests that the transition period start upon the date of signature instead of the date of initialing.

End unofficial translation.

ERDMAN